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Regulatory
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Proposed Regulation Agency Background Document

Agency name	Virginia Racing Commission
Virginia Administrative Code (VAC) citation	11 VAC 10 -45
Regulation title	Advance Deposit Account Wagering
Action title	Adoption of Regulations for Advance Deposit Account Wagering
Document preparation date	February 3, 2004

This information is required for executive review (www.townhall.state.va.us/dpbpages/apaintro.htm#execreview) and the Virginia Registrar of Regulations (legis.state.va.us/codecomm/register/regindex.htm), pursuant to the Virginia Administrative Process Act (www.townhall.state.va.us/dpbpages/dpb_apa.htm), Executive Orders 21 (2002) and 58 (1999) (www.governor.state.va.us/Press_Policy/Executive_Orders/EOHome.html), and the *Virginia Register Form, Style and Procedure Manual* (http://legis.state.va.us/codecomm/register/download/styl8_95.rtf).

Brief summary

In a short paragraph, please summarize all substantive changes that are being proposed in this regulatory action.

Enter statement here:

These proposed regulations provides definitions and interprets rules regarding advance deposit account-wagering and details the application and operation process of an entity wishing to conduct account-wagering business in the Commonwealth. It also details the fees associated with this business and the penalties for violation of said regulations. These regulations are proposed to satisfy the addition of subdivision 5, to § 59.1-369. This notice of the Commission's intent to promulgate these rules was originally released as proposed amendments to 11 VAC 10-20, which was published in the Virginia Register of Regulations, in Volume 19, Issue 26, on September 8, 2003.

Basis

Please identify the state and/or federal source of legal authority to promulgate this proposed regulation, including (1) the most relevant law and/or regulation, including Code of Virginia citation and General Assembly bill and chapter numbers, if applicable, and (2) promulgating entity, i.e., the agency, board, or person. Describe the legal authority and the extent to which the authority is mandatory or discretionary.

Enter statement here:

The Virginia Racing Commission derives its statutory authority to promulgate regulations from the provisions of § 59.1-369 of the Code of Virginia. The Code states, in part, in subdivision 3, “The Commission shall promulgate regulations and conditions under which horse racing with pari-mutuel wagering shall be conducted in the Commonwealth, and all such other regulations it deems necessary and appropriate to effect the purposes of this chapter.”

Further, subdivision 5 requires that the Commission establish regulations that control account wagering conducted in the Commonwealth. These regulations, in part, set standards and procedures for issuing licenses to qualified entities and provisions for revenue collection.

Purpose

Please explain the need for the new or amended regulation by (1) detailing the specific reasons why this regulatory action is essential to protect the health, safety, or welfare of citizens, and (2) discussing the goals of the proposal and the problems the proposal is intended to solve.

Enter statement here:

The regulation is intended to protect the wagering public, specifically those who utilize account-wagering companies to place wagers on horse racing. It is also intended to protect the horsemen and the Commonwealth from potential loss of revenue, which would not be realized without the recent legislation and the Commission’s regulation. The statute and the regulation are intended to regulate a business that previously occurred in the Commonwealth without regulatory oversight.

Substance

Please briefly identify and explain the new substantive provisions, the substantive changes to existing sections, or both where appropriate. (More detail about these changes is requested in the “Detail of changes” section.)

Enter statement here

Companies operating account-wagering companies in Virginia are now required to meet standards and qualifications established by the Commission, so that they may be licensed and monitored by the Commonwealth. This ensures that only those companies with the highest standards are permitted to conduct business in the Commonwealth. The regulations call for background investigations to be conducted as well as on-going compliance audits, to ensure continuing integrity issues. Additionally, these regulations give the Commission unlimited access to all books, records, memorandum or other relevant materials, for the purposes of avoiding ethical dilemma.

Issues

Please identify the issues associated with the proposed regulatory action, including:

- 1) the primary advantages and disadvantages to the public, such as individual private citizens or businesses, of implementing the new or amended provisions;*
- 2) the primary advantages and disadvantages to the agency or the Commonwealth; and*
- 3) other pertinent matters of interest to the regulated community, government officials, and the public.*

If the regulatory action poses no disadvantages to the public or the Commonwealth, please so indicate.

Enter statement here

The primary advantages to the horse racing industry and public are related to the knowledge that this new endeavor in the Commonwealth, advance deposit account wagering, is being monitored through regulation and controlled through licensure. The goal is to ensure that the Commonwealth is aware of who is conducting this type of business and that they are accountable for their business actions.

Economic impact

Please identify the anticipated economic impact of the proposed regulation.

Projected cost to the state to implement and enforce the proposed regulation, including (a) fund source / fund detail, and (b) a delineation of one-time versus on-going expenditures	There is no anticipated cost to the state to implement these regulations, as the Commission currently regulates similar issues and entities.
Projected cost of the regulation on localities	There will be no cost to any locale.
Description of the individuals, businesses or other entities likely to be affected by the regulation	Companies desiring to conduct advance deposit account-wagering business, in the Commonwealth, regarding horse racing and pari-mutuel wagering.
Agency’s best estimate of the number of such entities that will be affected	The Commission has received four applications from such companies and may receive as many as four more.
Projected cost of the regulation for affected individuals, businesses, or other entities	Companies applying for licensure from the Commission are responsible for the cost of the required background investigation. A fee of \$5,000.00 is required upon application and the applicant must also pay any expense in excess of this amount, regarding the investigation.

Alternatives

Please describe any viable alternatives to the proposal considered and the rationale used by the agency to select the least burdensome or intrusive alternative that meets the essential purpose of the action.

Enter statement here

The impact of the proposed regulation is similar to existing regulations that also require specific background information be disclosed by applicants desiring to be licensed by the Commission. The required information to be disclosed is that which is necessary to determine the fitness of the applicant. The proposed regulation is consistent with past Commission requirements and is similar to other racing jurisdictions' requirements.

Public comment

Please summarize all comments received during public comment period following the publication of the NOIRA, and provide the agency response.

Commenter	Comment	Agency response
None	N/A	N/A

The regulations will be published in *The Virginia Register*. There will be a public hearing on the regulations approximately 30 days after they appear in The Virginia Register. As the Rules Committee developed the proposed regulation, there has already been considerable comment built into the promulgation process.

Family impact

Please assess the impact of the proposed regulatory action on the institution of the family and family stability.

Enter statement here

The proposed regulation will have no impact on the family or family stability.

Detail of changes

Please detail all changes that are being proposed and the consequences of the proposed changes. Detail all new provisions and/or all changes to existing sections.

If the proposed regulation is intended to replace an emergency regulation, please list separately (1) all changes between the pre-emergency regulation and the proposed regulation, and (2) only changes made since the publication of the emergency regulation.

For changes to existing regulations, use this chart:

Current section number	Proposed new section number, if applicable	Current requirement	Proposed change and rationale
11 VAC 10-20-10	11 VAC 10-45-10	Chapter changed from #20 to #45	No change in language
11 VAC 10-20-20	11 VAC 10-45-20	“ “	“ “
11 VAC 10-20-30	11 VAC 10-45-30	“ “	“ “
11 VAC 10-20-40	11 VAC 10-45-40	“ “	“ “
11 VAC 10-20-50	11 VAC 10-45-50	“ “	“ “
11 VAC 10-20-60	11 VAC 10-45-60	“ “	“ “
11 VAC 10-20-70	11 VAC 10-45-70	“ “	“ “

Enter any other statement here